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8 March 1961

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

Congo:

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out Gizenga's participation, the only significant result of the conference probably will be a slight strengthening of the ties between Leopoldville and Elisabethville. In Leopoldville, American and UN officials believe that there is little time remaining before inflation gets completely out of control, with the consequent possibility of disorders in the hitherto quiescent civilian population.

Foreign Minister Bomboko and the UN commander, General McKeown, met on 5 March and agreed on a number of measures to reduce tensions between Congolese and UN troops, particularly in Matadi. Hammarskjold admitted

that Rajeshwar Dayal, his representative in the Congo, was unable to communicate with any Congolese leaders and indicated that Dayal would not return to the Congo after his trip to New York for "consultations" which is scheduled to take place in a few days.

(Backup, Page 1) (Map)

*Laos: (Information available as of 0400 EST) Vientiane's forces in the Phou Khoun road junction area withdrew in the face of aggressive probing actions initiated by Kong Le - Pathet Lao forces on 6 and 7 March. Indications are that the enemy forces had not planned a major attack, but were quick to capitalize on the government's hasty withdrawal and may have gained at least temporary control of the Phou Khoun road junction. General Phoumi is making urgent plans to regain the lost ground, but the

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~~CONFIDENTIAL~~Situation in the Congo

[Hammaraskjold stated that Makki Abbas of Sudan would immediately be installed as the UN's acting representative in the Congo and that Dayal would leave "this week." Continuing tension in Matadi apparently has postponed Dayal's departure. He continues to hold himself aloof from the Congolese; recently he failed to turn up at a meeting with Foreign Minister Bomboko, reportedly for fear that Bomboko "might make a political attack on him."]

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[Hammaraskjold also plans to set up a Congo planning and advisory group within the UN secretariat, composed exclusively of Africans and Asians. Within a few weeks he hopes to send to the Congo as his permanent representative either Adnan Pachachi of Iraq or Robert Gardiner of Ghana, both of whom would be members of the proposed group.]

[redacted] the UN Command has failed to provide leadership in the economic field as a result of its preoccupation with political questions, coupled with Dayal's ignorance of economic factors and his tactic of withholding budgetary support as a means of pressuring the Leopoldville government. Moreover, foreign aid furnished so far has suffered from a lack of coordination as well as from inefficiency and venality on the part of Congolese officials. UN financial experts in Leopoldville believe that the establishment of a flexible fund under UN control is the only way to salvage the economic situation, which apparently has not resulted in popular outbreaks so far only because most of the population is not dependent on the money economy. However, the population in Leopoldville, where most of the working force is unemployed, is vulnerable to inflation in basic commodities, and the UN economists believe outbreaks will occur when the price spiral takes hold. [redacted]

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